

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
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NIAGARA FRONTIER HOCKEY, L.P., <u>ET AL.</u> ,	:	Case No. 03- <u>10210 K</u>
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Debtors.	:	Jointly Administered
	:	(Case Nos. 03-10210K
-----	X	through 03-10219K)

**INTERIM ORDER (I) AUTHORIZING DEBTORS TO INCUR  
POST-PETITION SECURED INDEBTEDNESS, AND (II) GRANTING  
SECURITY INTERESTS AND SUPERPRIORITY CLAIMS PURSUANT TO  
SECTIONS 105(a), 364(c) AND (d) OF THE BANKRUPTCY  
CODE AND BANKRUPTCY RULES 2002, 4001 AND 9014**

Niagara Frontier Hockey, L.P. ("Niagara" or the "Borrower"), Buffalo Sabres Concession, LLC ("Concession"), Buffalo Lacrosse LLC ("Lacrosse"), The Aud Club, Inc. ("Aud"), Buffalo Sabres, Inc. ("BSI"), Niagara Frontier Broadcasting Partnership ("NFBP"), Sabreland Partnership ("Sabreland"), Western New York Hockey Club Partnership ("Hockey Club"), Crossroads Arena LLC ("Arena"), and Arena, Inc. ("AI" and together with Concession, Lacrosse, Aud, BSI, NFBP, Sabreland, Hockey Club and Arena, each a "Guarantor" and, collectively, the "Guarantors"), as debtors and debtors-in-possession herein (each a "Debtor" and collectively, the "Debtors" or the "Loan Parties"), having moved on January <sup>11</sup>13, 2003 (the "Motion") for one or more orders authorizing them to use collateral, including cash collateral, in which Adelphia Communication Corp. and its affiliated debtors and debtors-in-possession (collectively, the "Adelphia Entities") and Fleet National Bank, N.A. ("Fleet") have an interest, to incur post-petition secured indebtedness, to grant security interests and superpriority claims pursuant to sections 105(a) and 364(c) and (d) of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code") and Rules 2002, 4001 and 9014 of the

Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and having requested, among other things, that:

(a) the Court authorize the Debtors, pursuant to sections 105(a) and 364(c) and (d) of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, and 9014, to obtain from Ableco Finance LLC (“Ableco”), acting for itself, as lender, and as agent for other financial institutions that may from time to time become lenders (Ableco, together with such other lenders, collectively, the “Lenders”), cash advances and other extensions of credit in an aggregate principal amount of up to \$25,000,000 on a revolving credit basis (the “Loans”), pursuant to that certain Financing Agreement, dated as of January <sup>W</sup>13, 2003 (the “DIP Loan Agreement”),<sup>1</sup> by and among the Debtors and the Lenders to (i) fund ongoing working capital and general corporate needs of the Debtors during their chapter 11 cases (the “Chapter 11 Cases”), (ii) pay the fees, costs, expenses, and disbursements of professionals retained by the Debtors or any statutory committees appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code (the “Committees”), (iii) pay the costs and expenses of members of the Committees as approved by the Court, and other bankruptcy-related charges as allowed by the Court, including UST/Clerk Fees, and (iv) pay the fees and expenses (including, without limitation, reasonable attorneys fees and expenses) owed to the Lenders under the DIP Loan Agreement and the other agreements, instruments and other documents executed in connection therewith (collectively, with the DIP Loan Agreement, the “DIP Loan Documents”);

(b) the Court order, pursuant to sections 364(c)(1), (2), (3) and 364(d) of the Bankruptcy Code, that the Obligations of the Debtors under the DIP Loan Agreement and the

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<sup>1</sup> Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the DIP Loan Agreement.

other DIP Loan Documents (collectively, the "DIP Obligations") (i) be granted superpriority status, having priority over any and all administrative expenses of the kinds specified in, or arising or ordered under, sections 105(a), 326, 328, 330, 331, 503(b), 506(c), 507, 546(c), 726 and 1114 of the Bankruptcy Code, except for Priority Professional Expenses in an amount not to exceed the Carve-Out Amount, as defined below (hereinafter referred to as "Limited Priority Professional Expenses") and UST/Clerk Fees, and (ii) be secured by a first priority, perfected security interest in and lien on all of the property, assets, or interests in property or assets of each Debtor (other than Concession), of any kind or nature whatsoever, real or personal, now existing or hereafter acquired or created, including, without limitation, all property of such Debtor's "estate" (within the meaning of the Bankruptcy Code), and all accounts, inventory, goods, contract rights, instruments, documents, chattel paper, general intangibles, payment intangibles, letters of credit, letter-of-credit rights, supporting obligations, machinery and equipment, real property, fixtures, leases, 100% of the Capital Stock or other equity interests in any Subsidiary, money, investment property, deposit accounts, all commercial tort claims and all causes of action arising under the Bankruptcy Code or otherwise (other than claims, causes of action, and recoveries realized pursuant to sections 542, 544, 545, 547, 548, 549, 550, 551, 553(b) or 724(a) of the Bankruptcy Code (collectively, "Avoidance Actions")), and all cash and non-cash proceeds, rents, products and profits of any of the foregoing (all of the foregoing, collectively, the "Collateral"), subject and subordinate only to the Permitted Priority Liens (as defined in paragraph 13 below), but otherwise senior and prior to any and all other liens and security interests in the Collateral as provided by section 364(d) of the Bankruptcy Code provided that, for the avoidance of doubt, Trust Fund Payments (as that term is defined in Section 1.01 of the

DIP Loan Agreement) shall not constitute Collateral unless and until such proceeds become the property of the Debtors and are no longer subject to refund, credit or rebate;

(c) the Court conduct a hearing (the "Interim Hearing") to consider approval on an interim basis of the post-petition financing pursuant to the DIP Loan Documents and authorizing the Debtors to obtain, on an interim basis, Loans thereunder in an amount of up to \$10,000,000;

(d) the Court find, pursuant to Bankruptcy Rule 4001(c)(1), that notice of the Interim Hearing has been given to (i) the United States Trustee for the Western District of New York (the "U.S. Trustee"), (ii) counsel for the Lenders, (iii) counsel for the Adelpia Entities, (iv) counsel for Fleet, (v) counsel for the National Hockey League, (vi) any known secured creditors of record and their counsel, if known, (vii) the twenty largest unsecured creditors of the Debtors, and (viii) any other parties requesting such notice (collectively, the "Notice Parties"); and

(e) the Court schedule, pursuant to Bankruptcy Rule 4001, a hearing (the "Final Hearing") to consider entry of a final order (the "Final Order") authorizing the Debtors to obtain, on a final basis, Loans under the DIP Loan Documents in an amount of up to \$25,000,000;

And the Interim Hearing having been held on January <sup>11/2</sup>14, 2003; and based upon all of the pleadings filed with the Court, the evidence presented at the Interim Hearing and the entire record herein; and the Court having noted the appearances of all parties-in-interest; and all objections to the relief requested in the Motion having been resolved or overruled by the Court, and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors, and is essential for the continued operations of the Debtors' businesses; and

it further appearing that the Debtors are unable to obtain unsecured credit for money borrowed allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code or other secured financing on equal or more favorable terms than those set forth in the DIP Loan Documents; and after due deliberation and consideration, and sufficient cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:<sup>2</sup>

1. Disposition. The Motion is granted as to the post-petition financing on an interim basis. Any objections to the Motion that have not previously been resolved or withdrawn are hereby overruled on their merits. This Interim Order shall be valid, binding on all parties-in-interest and fully effective immediately upon entry. The term of this Interim Order and the DIP Loan Documents authorized hereunder shall expire, and the Loans made pursuant to the DIP Loan Agreement, the DIP Loan Documents, and this Interim Order will mature and, together with all interest thereon and the other DIP Obligations, become due and payable (unless such Loans and other DIP Obligations become due and payable earlier pursuant to the terms of the DIP Loan Documents and this Interim Order by way of acceleration or otherwise) thirty (30) days from the date of entry of this Interim Order.

2. Jurisdiction; Venue. The Court has jurisdiction over the Chapter 11 Cases, the parties, and the Debtors' property pursuant to 28 U.S.C. §1334. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(D). Venue of the Chapter 11 Cases and the Motion is proper under 28 U.S.C. §§ 1408 and 1409.

3. Purpose and Necessity of Financing. The Debtors require the financing described in the Motion to fund, among other things, the Debtors' cash requirements for working

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<sup>2</sup> Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact, pursuant to Bankruptcy Rule 7052.

capital and general corporate needs for the 30-day period commencing on the date hereof. The Debtors are unable to obtain adequate unsecured credit allowable under section 503 of the Bankruptcy Code as an administrative expense or other financing under sections 364(c) or (d) of the Bankruptcy Code on equal or more favorable terms than those set forth in the DIP Loan Agreement and the other DIP Loan Documents within the time frame required by their needs to avoid immediate and irreparable harm. A loan facility in the amount provided by the DIP Loan Agreement and the other DIP Loan Documents is not available to the Debtors, generally, without granting to the Lenders pursuant to sections 364(c)(1), (2), (3) and 364(d) of the Bankruptcy Code, the following: (a) superpriority administrative claims with respect to all Loans and other DIP Obligations having priority over any and all administrative expenses of the kinds specified in, or arising or ordered under, sections 105(a), 326, 328, 330, 331, 503(b), 506(c), 507, 546(c), 726 and 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment (except as otherwise expressly provided for herein with respect to the Limited Priority Professional Expenses and UST/Clerk Fees); and (b) as security for all DIP Obligations, a first priority, perfected senior security interest in, and lien on, all Collateral, subject and subordinate only to Permitted Priority Liens (as defined in paragraph 13 below). After considering all alternatives, the Debtors have concluded in the exercise of their prudent business judgment that the loan facility provided under the DIP Loan Documents represents the best working capital financing available to them.

4. Good Cause. The Debtors' ability to obtain sufficient working capital and liquidity under the DIP Loan Documents is vital to the Debtors' estates and their creditors, so that the Debtors can continue to operate their businesses in the ordinary course. The preservation of the going concern value of the Debtors' businesses is the linchpin to any successful

reorganization. The Debtors' estates will be immediately and irreparably harmed if this Interim Order is not entered. Good cause thus has been shown for the interim relief sought in the Motion.

5. Good Faith. The DIP Loan Documents have been negotiated in good faith and at arm's-length between the Debtors and the Lenders. Any Loans and other financial accommodations made to the Debtors by the Lenders pursuant to this Interim Order and the DIP Loan Agreement or other DIP Loan Documents shall have been extended by the Lenders in good faith, as that term is used in section 364(e) of the Bankruptcy Code, and the Lenders shall be entitled to all protections afforded thereby. The terms of the loan facility provided under the DIP Loan Documents are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

6. Consent to Grant of Senior Liens. The Adelpia Entities have consented to the granting of senior liens on their collateral, as set forth in that certain Subordination Consent (the "Subordination Consent") delivered by the Adelpia Entities to the Lenders, which shall be approved by order of the United States Bankruptcy Court for the Southern District of New York (the "Southern District Order"). No determination is made herein that, absent the consent contained in the Subordination Consent, senior liens on the collateral in which the Adelpia Entities have an interest could be granted pursuant to section 364(d) of the Bankruptcy Code.

7. Adequate Protection. As adequate protection for the granting of senior security interests in the collateral in which the Adelpia Entities and Fleet have an interest: (i) the Adelpia Entities shall be granted superpriority administrative claims, as contemplated by

section 507(b) of the Bankruptcy Code, junior only to the Superpriority Claim (as defined in paragraph 13 below) under section 364(c)(1) of the Bankruptcy Code held by the Lenders, subject to the carve out for Limited Priority Professional Expenses and UST/Clerk Fees; (ii) the Adelphia Entities shall be granted replacement liens on the collateral in which the Adelphia Entities have an interest encumbered by the first priority liens of the Lenders, which liens shall be junior only to the first priority liens of the Lenders, subject to the carve out for Permitted Priority Liens; (iii) Fleet shall be granted a superpriority administrative claim, as contemplated by section 507(b) of the Bankruptcy Code, junior only to the Superpriority Claim (as defined in paragraph 13 below) under section 364(c)(1) of the Bankruptcy Code held by the Lenders, subject to the carve out for Limited Priority Professional Expenses and UST/Clerk Fees; (iv) Fleet shall be granted replacement liens on the collateral in which Fleet has an interest encumbered by the first priority liens of the Lenders, which liens shall be junior only to the first priority liens of the Lenders, subject to the priority of Fleet as set forth in the definition of Permitted Priority Liens in Section 1.01 of the DIP Loan Agreement; and (v) Fleet shall receive regularly scheduled payments of principal and interest, to the extent available from funds paid to Concession by Sportservice LLC (to the extent the funds paid to Concession by Sportservice LLC are insufficient to make such principal and interest payments, the obligation to make such payments shall be accrued and such payments shall be made to the Fleet in connection with the guaranteed minimum rent payment due from Sportservice LLC in August, 2003) with respect to the Concession Loan; ~~provided, however, no adequate protection payments authorized by this clause (v) shall be made prior to entry by this Court of the Final Order.~~ The adequate protection granted to Fleet and the Adelphia Entities pursuant to this Interim Order shall continue in this and in any superseding case or cases for the Debtors under any chapter of the Bankruptcy Code..



8. Interim Borrowing. The Debtors are immediately authorized to obtain interim Loans pursuant to the terms of the DIP Loan Documents and this Interim Order in the principal amount of up to \$10,000,000 (the "Maximum Interim Borrowing"). Available financing and advances under the DIP Loan Agreement will be made only to fund the Debtors' ordinary working capital and general corporate needs and other amounts required or allowed to be paid in accordance with this Interim Order and the DIP Loan Documents.

9. Acknowledgements. In providing for post-petition financing under the DIP Loan Agreement, the Debtors acknowledge, represent, stipulate and agree that:

(a) the Debtors have obtained all authorizations, consents and approvals required to be obtained from, and have made all filings with and given all notices required to be made or given to, all federal, state and local governmental agencies, authorities and instrumentalities in connection with the execution, delivery, performance, validity and enforceability of the DIP Loan Documents to which any Debtor is a party;

(b) in entering into the DIP Loan Documents, and as consideration therefor, the Debtors hereby agree that until such time as all DIP Obligations are indefeasibly paid in full in cash and the Total Commitment is terminated in accordance with the DIP Loan Agreement, the Debtors shall not in any way prime or seek to prime the liens provided to the Lenders under this Interim Order by offering a subsequent lender or a party-in-interest a superior or *pari passu* lien or claim pursuant to section 364(d) of the Bankruptcy Code or otherwise; and

(c) there are no other liens on or security interests in the Collateral except for the Permitted Liens.

10. Fees. The (a) Closing Fee to be paid by Niagara to the Lenders on the Closing Date in an amount equal to 2.0% of the Total Commitment, Maintenance Fee equal to

1% of the Total Commitment payable every three months commencing on the date that is nine months following the Closing Date, Servicing Fee in the amount of \$5,000 per month, payable monthly in advance, Unused Line Fee equal to 0.5% of the unused portion of the Maximum Interim Borrowing or Total Commitment, as the case may be, payable monthly in arrears, and Field Examination Fee equal to \$1,500 per day per examiner, plus out-of-pocket expenses for parties employed to review, audit, value and monitor the Collateral, (b) reimbursement of expenses incurred by the Lenders, including the fees and expenses of Lenders' counsel, and (c) other fees payable and costs and expenses reimbursable under the DIP Loan Agreement and other DIP Loan Documents by the Debtors to the Lenders, are hereby approved and shall be promptly paid in full in accordance with this Interim Order and the DIP Loan Documents, without the necessity of the Lenders filing any further application with the Court for approval or payment of such fees or expenses.

11. Authority to Execute and Deliver Necessary Documents. Each of the Debtors is authorized and empowered to enter into and deliver the DIP Loan Agreement in the form annexed hereto and the other DIP Loan Documents. Each of the Debtors is hereby further authorized and directed (a) to perform all of their obligations under the DIP Loan Documents and such other agreements as may be required by the DIP Loan Documents to give effect to the terms of the financing provided for in this Interim Order and (b) to perform all acts required under the DIP Loan Documents and this Interim Order, including, without limitation, the payment of fees and the reimbursement of present and future reasonable costs and expenses (including without limitation, attorneys' fees and legal expenses) paid or incurred by the Lenders as provided for in this Interim Order, the DIP Loan Agreement, and the other DIP Loan Documents, all of which unpaid fees, commissions, costs and expenses shall be included and

constitute part of the principal amount of the DIP Obligations, and be secured by a first priority lien on and security interest in all of the Collateral as and to the extent provided for in this Interim Order, the DIP Loan Agreement, and the other DIP Loan Documents. The obligations under the DIP Loan Documents shall constitute valid and binding obligations of each of the Debtors enforceable against each of them, and each of their successors and assigns, in accordance with their terms and the terms of this Interim Order.

12. Amendments. The Debtors, with the express written consent of the requisite Lenders, may enter into any amendments or modifications to the DIP Loan Agreement and the other DIP Loan Documents without the need of further notice and hearing or order of this Court, provided that such modifications or amendments do not materially and adversely affect, in the reasonable view of the Debtors, the rights of any creditor, equity security holder or other party-in-interest.

13. Superpriority Claim and Lien Priority. (a) The Lenders are hereby granted an allowed superpriority administrative expense claim (the "Superpriority Claim") pursuant to section 364(c)(1) of the Bankruptcy Code for all of the DIP Obligations, having priority over any and all administrative expenses of the kinds specified in or arising or ordered under sections 105(a), 326, 328, 330, 331, 503(b), 506(c), 507, 546(c), 726 and 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, subject and subordinate in priority of payment only to the Limited Priority Professional Expenses and the US1/Clerk Fees; provided, however, the Superpriority Claim shall not extend to the Avoidance Actions.

(b) As security for all of the DIP Obligations, in accordance with the terms of the DIP Loan Documents and this Interim Order, effectively immediately, the Lenders are

hereby granted, pursuant to sections 364(c) and (d) of the Bankruptcy Code, first priority liens on and security interests in all of the Collateral, senior in all respects to any and all present and future liens, claims or encumbrances, if any, including, without limitation, any and all pre-petition liens and security interests; provided, however, that the liens and security interests granted hereby shall be subject and subordinate to (i) the prior payment of the Limited Priority Professional Expenses and the UST/Clerk Fees pursuant to this Interim Order and (ii) all valid, perfected non-avoidable Permitted Liens (as described in Section 1.01 of the DIP Loan Agreement) existing on the Filing Date (collectively, the "Permitted Priority Liens"), other than (x) liens in favor of the Adelpia Entities, (y) the Relocation Lien<sup>3</sup> (except with respect to the portion of the Relocation Lien on Borrower's 99% membership interest in Concession, which portion of the Relocation Lien shall constitute a Permitted Priority Lien), and (z) the liens described in clauses (b), (c), and (f) of the definition of the term "Permitted Liens" in Section 1.01 of the DIP Loan Agreement.

(c) No lien or security interest granted to the Lenders under this Interim Order shall (i) be subject to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or (ii) hereafter be subordinated to or made *pari passu* with any other lien or security interest under sections 364(c) or (d) of the Bankruptcy Code or otherwise. The liens and security interests arising hereunder shall be and hereby are fully perfected security interests, such that no additional steps need be taken by the

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<sup>3</sup> The Relocation Lien shall be defined as the lien in favor of Fleet, as agent, on all of the assets of Niagara, granted pursuant to the Security Agreement, dated as of May 10, 1995, made by Niagara in favor of Fleet, as agent, and securing the obligations of Niagara under the Guaranty and Security Agreement dated as of May 10, 1995 in favor of Fleet as agent under the Concession Loan, which secured obligations are limited to the repayment of an aggregate principal amount of \$12 million plus \$1 million of accrued interest and fees in respect of the Concession Loan and triggered only to the extent the Buffalo Sabres NHL hockey franchise is relocated from HSBC Arena.

Lenders to perfect such interests. Any provision of any lease or other license, contract or other agreement that requires the consent or approval of one or more landlords or other parties, or requires the payment of any fees or obligations to any governmental entity, in order for any Debtor to pledge, grant, sell, assign, or otherwise transfer any such leasehold interest or the proceeds thereof or other Collateral, is and shall be deemed to be inconsistent with the provisions of the Bankruptcy Code and shall have no force and effect with respect to the transactions granting the Lenders a priority security interest in such leasehold interest or the proceeds of any assignment and/or sale thereof by any Debtor in favor of the Lenders in accordance with the terms of the DIP Loan Agreement.

(d) The first priority liens and security interests and Superpriority Claim granted to Lenders under this Interim Order shall continue in this and in any superseding case or cases for the Debtors under any chapter of the Bankruptcy Code and such liens and security interests shall maintain their priority as provided in this Interim Order until all the DIP Obligations have been satisfied in full and the Total Commitment terminated.

14. Priority Professional Expenses & UST/Clerk Fees Carve-Out. (a) The Lenders' Superpriority Claim shall be subject and subordinate only to:

(i) amounts payable pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Court (collectively, the "UST/Clerk Fees"); and

(ii) allowed fees and expenses of attorneys, accountants, and other professionals retained in these Chapter 11 Cases pursuant to sections 327, 328, 330, 331, and 1103 of the Bankruptcy Code by the Debtors or any Committees appointed in these cases, to the extent that such amounts do not exceed \$750,000 outstanding in the aggregate at any time (inclusive of any holdbacks required by the Court) (the "Carve-Out Amount"). So long as no

Event of Default or a default by any of the Debtors in the performance or observance of any of their obligations under this Interim Order has occurred and is continuing, the Debtors shall be permitted to pay UST/Clerks Fees and Priority Professional Expenses allowed and payable under sections 327, 328, 330 and 331 of the Bankruptcy Code, as same may be due and payable, and such payments shall not be applied against the Carve-Out Amount. After the Agent has provided written notice to the Borrower of the occurrence, and during the continuation of, an Event of Default or a default by any of the Debtors in the performance or observance of any of their obligations under this Interim Order, any payments actually made (after such occurrence and during such continuation) of UST/Clerks Fees or to such professionals (including payments made out of pre-Filing Date retainers) pursuant to sections 330 and 331 of the Bankruptcy Code or otherwise, shall reduce the Carve-Out Amount on a dollar-for-dollar basis.

(b) Priority Professional Expenses also shall include any payments authorized to be made pursuant to any Court-approved procedure for monthly or other payment of compensation or reimbursement of expenses; provided, that nothing contained herein shall be construed (i) to exempt those persons hereafter receiving interim compensation payments or reimbursement of expenses pursuant to any such Court-approved procedure from the applicable provisions of bankruptcy law, including the requirements that such compensation or reimbursement be allowed on a final basis after the filing of appropriate fee applications, and, if applicable, any subsequent order of this Court requiring that such payments be disgorged, and/or (ii) as consent to the allowance of any fees and expenses referred to above, and shall not affect any right of the Lenders to object to the reasonableness of such amounts; provided, further, that Priority Professional Expenses shall not include, and proceeds of these Loans shall not be used for (i) the payment or reimbursement of, any fees or disbursements of the Debtors or any

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Committees or trustee appointed in these Chapter 11 Cases incurred in connection with the assertion and prosecution of, or joinder in, any claim, counterclaim, action, proceeding, application, motion, objection, defenses or other contested matter, the purpose of which is to seek any order, judgment, determination or similar relief: (A) commencing or prosecuting any action asserting claims pursuant to sections 542, 544, 545, 547, 548, 549, 550, 551, 553(b) or 724(a) of the Bankruptcy Code or other cause of action (whether arising under state law, the Bankruptcy Code or other federal law) against the Lenders with respect to the validity and extent of the DIP Obligations or the validity, extent and priority of liens and security interests securing the DIP Obligations of the Debtors; (B) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Lenders' liens and security interests in the Collateral; or (C) preventing, hindering or delaying (whether, directly or indirectly) the Lenders in respect of their liens and security interests in the Collateral or (ii) the payment or reimbursement of, any fees or disbursements of the Debtors or any Committees or trustee appointed in these Chapter 11 Cases incurred in connection with the assertion and prosecution of, or joinder in, any claim, action, proceeding, application or motion against any of the Adelphia Entities other than in connection with contracts or other commercial relationships entered into between the Debtors and the Adelphia Entities in the ordinary course of business including without limitation the ~~Adelphia~~ <sup>Broadcast</sup> ~~Local Television Contract~~ <sup>Agreement</sup>. No liens or priority status, other than Permitted Priority Liens, Limited Priority Professional Expenses and UST/Clerk Fees, having a lien or administrative priority superior to or *pari passu* with those granted by this Interim Order to the Lenders, shall be granted while any portion of the DIP Obligations remains outstanding without the written consent of the requisite Lenders.

15. Limitation On Additional Surcharges. With the exception of Limited Priority Professional Expenses and UST/Clerk Fees, neither the Collateral nor the Lenders shall be subject to surcharge, pursuant to sections 506(c) or 105(a) of the Bankruptcy Code or otherwise, by any of the Debtors or any other party-in-interest. No action, inaction, or acquiescence by the Lenders in these Chapter 11 Cases, including without limitation the Lenders' funding of the Debtors' ongoing operations under this Interim Order, shall be considered or deemed to be evidence of any alleged consent by or on behalf of the Lenders to a charge against the Collateral pursuant to sections 506(c) or 105(a) of the Bankruptcy Code. The right to seek a waiver of any surcharge against the Lenders or the Collateral under section 506(c) or any other section of the Bankruptcy Code after the Final Hearing is hereby expressly preserved. The Lenders shall not be subject in any way whatsoever to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral.

16. Additional Perfection Measures. The liens, security interests, and priorities granted to the Lenders, the Adelpia Entities, and Fleet pursuant to this Interim Order and, in the case of the Lenders, the DIP Loan Documents, with respect to property of the Debtors' estates shall be perfected by operation of law immediately upon entry of this Interim Order by the Court. Neither the Debtors, the Lenders, the Adelpia Entities, nor Fleet shall be required to enter into or to obtain landlord waivers, mortgagee waivers, bailee waivers or warehouseman waivers or to file or record financing statements, mortgages, deeds of trust, leasehold mortgages, notices of lien or similar instruments in any jurisdiction (including, trademark, copyright, tradename or patent assignment filings with the United States Patent and Trademark Office, Copyright Office, or any similar agency with respect to intellectual property), or obtain consents from any licensor or similarly situated party-in-interest, or take any other



action in order to validate and to perfect the security interests and liens granted to the Lenders, the Adelphia Entities, and Fleet pursuant to this Interim Order. If any of the Lenders, the Adelphia Entities, or Fleet, in its sole discretion, chooses to obtain consents from any licensor or similarly situated party-in-interest, to file financing statements, notices of lien or similar instruments, or to otherwise confirm perfection of such security interests and liens: (a) all such documents shall be deemed to have been recorded and filed as of the time and on the date of entry of this Interim Order; and (b) no defect in any such act shall affect or impair the validity, perfection and enforceability of the liens granted hereunder. In lieu of obtaining such consents or filing such financing statements, notices of lien or similar instruments, each of the Lenders, the Adelphia Entities, and Fleet may, at its sole discretion, choose to file a true and complete copy of this Interim Order in any place at which any such instruments would or could be filed, together with a description of Collateral located within the geographic area covered by such place of filing, and such filing by the Lenders, the Adelphia Entities, or Fleet, as the case may be, shall have the same effect as if such financing statements, notices of lien or similar instruments had been filed or recorded at the time and on the date of entry of this Interim Order.

17. Application of Collateral Proceeds. The Debtors (other than Concession) are hereby authorized and directed to remit to the Lenders one hundred percent (100%) of all collections on, and proceeds of, the Collateral, including all accounts receivable collections, proceeds of sales of inventory, fixed assets and any other assets, including sales in and outside the ordinary course of business, and all other cash or cash equivalents which shall at any time on or after the Filing Date come into the possession or control of the Debtors (other than Concession), or to which the Debtors (other than Concession) shall become entitled at any time, and the automatic stay provisions of section 362 of the Bankruptcy Code are hereby modified to

permit the Lenders to retain and apply all collections, remittances and proceeds of the Collateral in accordance with this Interim Order to the DIP Obligations, first to fees, costs and expenses owed under the DIP Loan Documents, then to interest, and then to principal.

18. Access to Information. Without limiting the rights of access and information afforded the Lenders under the DIP Loan Agreement and other DIP Loan Documents, the Debtors shall permit representatives, agents and/or employees of the Lenders to have reasonable access to their premises and their records during normal business hours (without unreasonable interference with the proper operation of the Debtors' businesses) and shall cooperate, consult with, and provide to such persons all such non-privileged information as they may reasonably request.

19. Access to Collateral. Notwithstanding anything contained herein to the contrary, and without limiting any other rights or remedies of the Lenders contained in this Interim Order or the DIP Loan Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Loan Agreement, upon three (3) business days' written notice to the landlord of any leased premises that an Event of Default or a default by the Debtors of any of their obligations under the DIP Loan Documents or this Interim Order has occurred and is continuing, the Lenders may, subject to any separate agreement by and between such landlord and the Lenders, enter upon any leased premises of any of the Debtors for the purpose of exercising any remedy with respect to Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the landlords thereunder; provided, however, that the Lenders shall only pay rent and additional rent obligations of the Debtors that first arise after the Lenders' written notice referenced above and that are payable during the period of such occupancy by the Lenders, calculated on a per diem

basis. Nothing herein shall require the Debtors or Lenders to assume any lease under section 365(a) of the Bankruptcy Code as a precondition to the rights afforded to the Lenders in this paragraph.

20. Cash Management Systems. The Debtors are authorized and directed to maintain their cash management system in a manner consistent with the DIP Loan Documents and the Cash Management Order.

21. Automatic Stay Modified. The automatic stay provisions of section 362 of the Bankruptcy Code are, to the extent applicable, vacated and modified to the extent necessary so as to permit the Lenders:

(a) whether or not an Event of Default or a default by the Debtors of any of their obligations under this Interim Order has occurred, to require all cash, checks or other collections or proceeds from Collateral received by the Debtors to be deposited in accordance with the DIP Loan Documents, and to apply amounts deposited in any such account and other amounts paid to or received by the Lenders under the DIP Loan Agreement and the other DIP Loan Documents as provided in the DIP Loan Agreement;

(b) upon the occurrence of an Event of Default or a default by the Debtors of any of their obligations under this Interim Order, and subject to three (3) business days' prior written notice to the Debtors, their counsel, counsel for the Committees, counsel to the Adelpia Entities, counsel to Fleet, counsel to the National Hockey League and the United States Trustee, and subject to the terms of the NHL Consent Agreement in the form attached to the DIP Loan Agreement, to exercise all rights and remedies provided for in the DIP Loan Agreement, the other DIP Loan Documents, this Interim Order, or under other applicable bankruptcy and nonbankruptcy law (including the right to setoff funds in accounts maintained by the Debtors

with any Lenders to repay the DIP Obligations, as to which such prior written notice shall not be required) without requiring prior authorization of this Court in order to exercise such rights and remedies. The automatic stay of section 362(a) of the Bankruptcy Code section, to the extent applicable, shall be deemed terminated as provided herein without the necessity of any further action by the Court in the event that the Debtors, any Committees and/or the United States Trustee have not obtained an order from this Court to the contrary within three (3) business days after receiving such notice from the Lenders pursuant to this Interim Order. The Debtors, any Committee, and/or the United States Trustee shall have the burden of proof at any hearing on any request by them to re-impose or continue the automatic stay of section 362(a) of the Bankruptcy Code or to obtain any other injunctive relief, and the only issue that may be raised at any such hearing shall be whether, in fact, an Event of Default or default has occurred and is continuing;

(c) this Court shall retain exclusive jurisdiction to hear and resolve any disputes and enter any orders required by the provisions of this Interim Order and relating to the application, re-imposition or continuance of the automatic stay of section 362(a) of the Bankruptcy Code or other injunctive relief requested; and

(d) upon the occurrence of an Event of Default or a default by the Debtors of any of their obligations under this Interim Order, the Lenders may, without providing any prior notice thereof, immediately charge interest at the default rate set forth in the DIP Loan Agreement, and the Lenders shall have no further obligation to provide financing under the DIP Loan Documents or this Interim Order.

22. No Responsible Person. In making the decision to make Loans and to extend other financial accommodations to the Debtors under the DIP Loan Agreement or to collect the indebtedness and obligations of the Debtors, the Lenders shall not be deemed to be in

control of the operations of the Debtors or to be acting as a responsible person or owner or operator with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar federal or state statute).

23. Successors and Assigns. The DIP Loan Documents and the provisions of this Interim Order shall be binding upon the Lenders, the Debtors and their respective successors and assigns, and shall inure to the benefit of the Lenders and the Debtors and their respective successors and assigns including, without limitation, any trustee, responsible officer, estate administrator or representative, or similar person appointed in a case for the Debtors under any chapter of the Bankruptcy Code.

24. Binding Nature of Agreement. Each of the DIP Loan Documents to which the Debtors are and will become a party shall constitute legal, valid and binding obligations of the Debtors, enforceable in accordance with their terms. The DIP Loan Documents have been or will be properly executed and delivered to the Lenders by the Debtors. The rights, remedies, powers, privileges, liens and priorities of the Lenders provided for in this Order and in any other DIP Loan Documents shall not be modified, altered or impaired in any manner by any subsequent order, including, but not limited to (a) any order of this Court (including a confirmation order) or by any plan of reorganization or liquidation in these cases or in any subsequent case under the Bankruptcy Code, or (b) any order of a court of competent jurisdiction invalidating, nullifying, or otherwise limiting or abridging the effectiveness of any or all of the irrevocable proxies granted or to be granted to the National Hockey League by John J. Rigas, Timothy J. Rigas, Michael J. Rigas, James P. Rigas and/or Patmos, Inc. with respect to governance control of the Debtors, unless and until the DIP Obligations have first been paid in

full in cash and completely satisfied and the Total Commitment terminated in accordance with the DIP Loan Agreement.

25. Subsequent Reversal or Modification. This Interim Order is entered pursuant to section 364 of the Bankruptcy Code, granting the Lenders all protections afforded by section 364(e) of the Bankruptcy Code. If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, that action will not affect (a) the validity of any obligation, indebtedness or liability incurred hereunder by any of the Debtors to the Lenders prior to the date of receipt by the Lenders of written notice of the effective date of such action or (b) the validity and enforceability of any lien or priority authorized or created hereby or pursuant to the DIP Loan Documents. Notwithstanding any such reversal, stay, modification or vacatur, any post-petition indebtedness, obligation or liability incurred by any of the Debtors to the Lenders prior to written notice to the Lenders of the effective date of such action shall be governed in all respects by the original provisions of this Interim Order, and Lenders shall be entitled to all the rights, remedies, privileges and benefits granted herein and in the DIP Loan Documents with respect to all such indebtedness, obligation or liability.

26. No Waiver. This Interim Order shall not be construed in any way as a waiver or relinquishment of any rights that the Lenders may have to bring or be heard on any matter brought before this Court.

27. Sale/Conversion/Dismissal. (a) No order providing for either the sale of the ownership of the stock of the Debtors or the sale of all or substantially all of the assets of the Debtors under section 363 of the Bankruptcy Code shall be entered by the Court unless, in connection and concurrently with any such event, the proceeds of such sale are or will be sufficient to indefeasibly pay all DIP Obligations, and such DIP Obligations shall be indefeasibly

paid in full in cash and completely satisfied and the Total Commitment terminated in accordance with the DIP Loan Agreement as part of such action, or the Lenders expressly consent in writing to any such transaction or the entry of such an order by the Court or such transaction is expressly permitted in the DIP Loan Documents. The Debtors shall not sell either the stock of any of the Debtors or substantially all of the assets of any of the Debtors under section 363 of the Bankruptcy Code unless, in any such event, the Lenders expressly consent in writing to any such transaction, such transaction is expressly permitted in the DIP Loan Documents, or the terms of the sale expressly provide that the sale shall not be consummated unless the proceeds of the sale are sufficient to indefeasibly pay all DIP Obligations and such DIP Obligations shall be, upon the closing of such sale, indefeasibly paid in full in cash and completely satisfied and the Total Commitment terminated in accordance with the DIP Loan Agreement.

(b) No motion shall be filed by the Debtors for, and no order dismissing or converting these Chapter 11 cases under section 1112 of the Bankruptcy Code, or appointing a chapter 11 trustee or an examiner with expanded powers, shall be entered, unless and until the DIP Obligations shall have been paid indefeasibly in full, in cash, and completely satisfied and the Total Commitment terminated in accordance with the DIP Loan Agreement, or until Lenders shall have had a reasonable period of time to perfect all of their liens under applicable law prior to the entry thereof. If an order dismissing any of these cases under sections 305 or 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide that (i) the liens, security interests, and Superpriority Claims granted to the Lenders hereunder and in the DIP Loan Documents, as the case may be, shall continue in full force and effect, shall remain binding on all parties-in-interest and shall maintain their priorities as provided in this Interim Order until all DIP Obligations shall have been paid in full in cash and the Total Commitment shall have

been terminated in accordance with the DIP Loan Agreement, and (ii) this Court shall retain jurisdiction, notwithstanding such dismissal, for purposes of enforcing the liens, security interests and Superpriority Claims of the Lenders, as the case may be.

28. Priority of Terms. To the extent of any conflict between or among (a) the express terms or provisions of any of the DIP Loan Documents, the Motion, any other order of this Court, or any other agreements, on the one hand, and (b) the terms and provisions of this Interim Order, on the other hand, unless such term or provision herein is phrased in terms of “as defined in” or “as more fully described in” the DIP Loan Agreement or the DIP Loan Documents, the terms and provisions of this Interim Order shall govern.

29. Adequate Notice. The notice given by the Debtors of the Interim Hearing was given in accordance with Bankruptcy Rules 2002 and 4001(c)(2) and the local rules of this Court. Under the circumstances, no further notice of the request for the relief granted at the Interim Hearing is required. The Debtors shall promptly mail copies of this Interim Order and notice of the Final Hearing to the Notice Parties. Any objection to the relief sought at the Final Hearing shall be made in writing setting forth with particularity the grounds thereof, and filed with the Court and served so as to be actually received no later than five days prior to the Final Hearing by the following: (a) counsel to the Debtors, Nixon Peabody LLP, 1300 Clinton Square, Rochester, New York 14604 (Attn: William S. Thomas, Jr., Esq.), (b) counsel to the National Hockey League, Phillips, Lytle, Hitchcock, Blaine & Huber LLP, 3400 HSBC Center, Buffalo, New York 14203-2887 (Attn: William J. Brown, Esq.), (c) counsel to the Lenders, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Lawrence V. Gelber, Esq.), (d) counsel to the Adelpia Entities, Willkie Farr & Gallagher, 787 Seventh Avenue, New York, New York 10019 (Attn: Marc Abrams, Esq.); and (e) counsel to Fleet, Bingham



McCutchen LLP, 150 Federal Street, Boston, Massachusetts 02110 (Attn: Jonathan K. Bernstein, Esq.).

30. Entry of Order; Effect. This Order shall take effect immediately upon execution hereof, notwithstanding the possible application of Fed. R. Bankr. P. 6004(g), 7062, 9014, or otherwise, and the Clerk of the Court is hereby directed to enter this Interim Order on the Court's docket in these Chapter 11 Cases.

Dated: Buffalo, New York  
January 17, 2003



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UNITED STATES BANKRUPTCY JUDGE